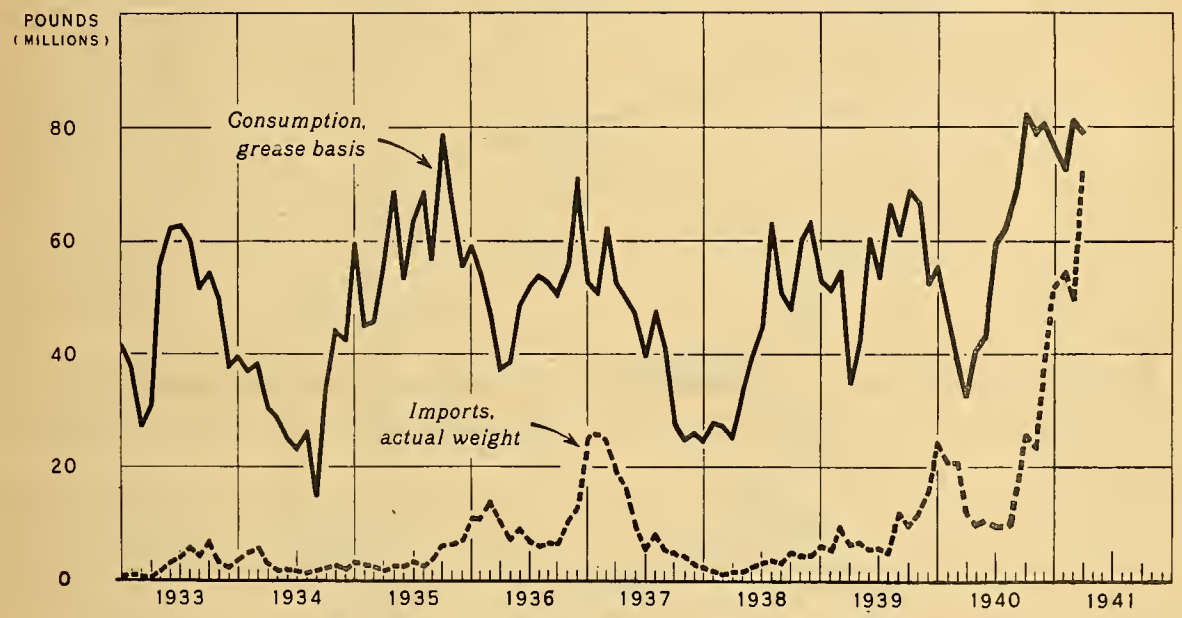
THE Wool SITUATION

BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

WOOL-55 BAE JULY 1941

WOOL, APPAREL: MILL CONSUMPTION AND IMPORTS FOR CONSUMPTION IN THE UNITED STATES, 1933-41



CONSUMPTION. ESTIMATES OF NEW YORK WOOL TOP EXCHANGE SERVICE
IMPORTS. BUREAU OF FOREIGN AND DOMESTIC COMMERCE

U S DEPARTMENT OF AGRICULTURE NEG 32651 BUREAU OF AGRICULTURAL ECONOMICS

INFLUENCED CHIEFLY BY LARGE GOVERNMENT ORDERS AND INCREASING INCOMES OF CONSUMERS, MILL CONSUMPTION OF APPAREL WOOL IN THE FIRST 5 MONTHS OF 1941 HAS BEEN ABOUT DOUBLE THAT OF THE CORRESPONDING MONTHS OF 1940. FOR THE ENTIRE YEAR OF 1941 MILL CONSUMPTION PROBABLY WILL BE MUCH THE LARGEST ON RECORD. THE INCREASE IN DOMESTIC MILL CONSUMPTION SINCE LAST SUMMER HAS BEEN ACCOMPANIED BY A MARKED INCREASE IN IMPORTS OF APPAREL WOOL. IN RECENT MONTHS IMPORTS ALSO HAVE BEEN AT RECORD LEVELS.

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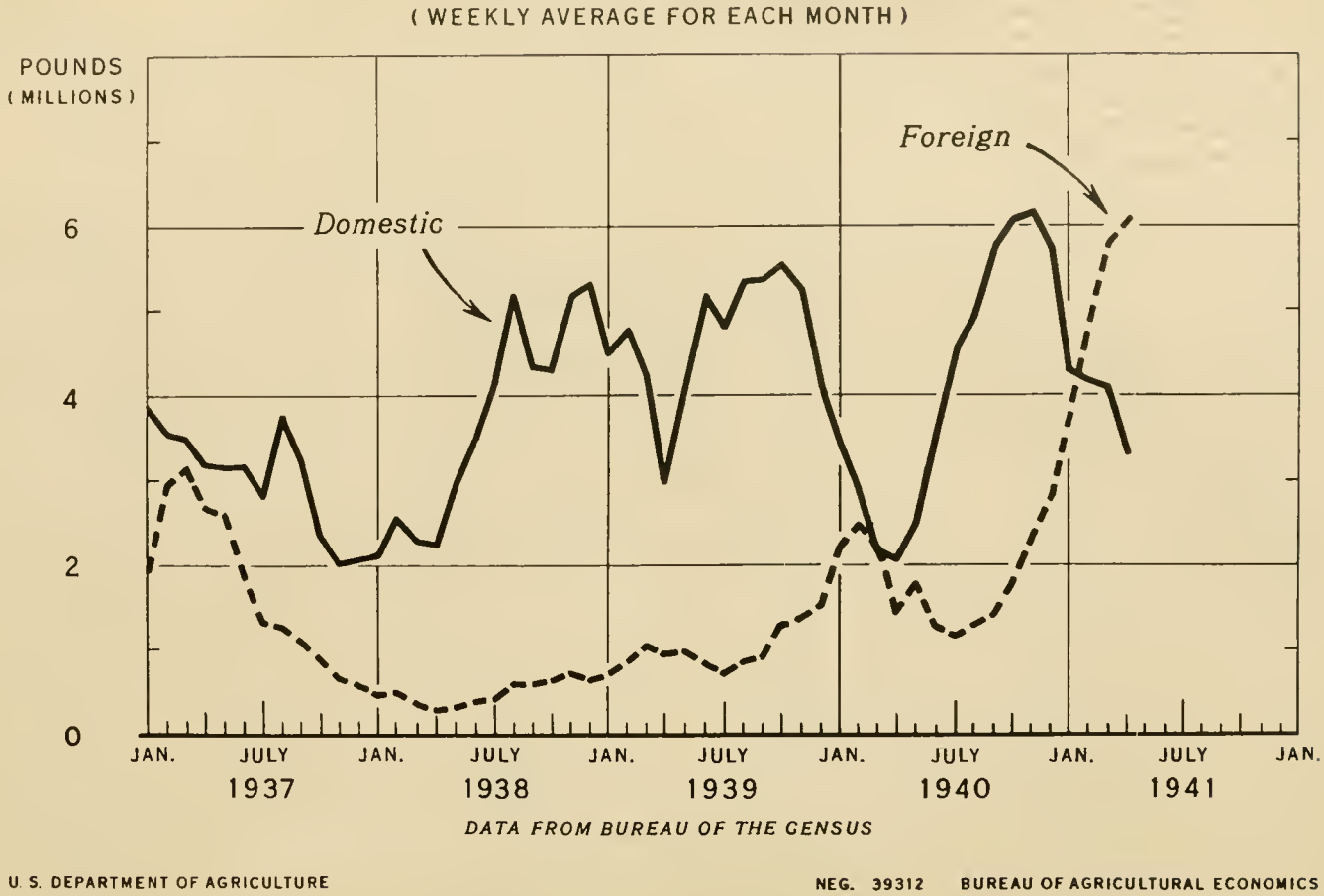

FIGURE 1.- MILL CONSUMPTION OF DOMESTIC WOOL USUALLY IS MUCH GREATER THAN CONSUMPTION OF FOREIGN WOOL. BUT MILL CONSUMPTION OF FOREIGN WOOL HAS INCREASED GREATLY SINCE LAST SUMMER AND IN THE PAST FEW MONTHS HAS EXCEEDED THE CONSUMPTION OF DOMESTIC WOOL BY A SUBSTANTIAL MARGIN. DOMESTIC PRODUCTION OF WOOL DOES NOT CHANGE GREATLY FROM YEAR TO YEAR, AND WITH THE MARKED INCREASE IN CONSUMPTION IN THE LAST HALF OF 1940, MOST OF THE SUPPLIES OF DOMESTIC WOOL WERE CONSUMED. THE CONTINUED INCREASE IN MILL CONSUMPTION IN THE EARLY MONTHS OF 1941 WAS LARGELY IN FOREIGN WOOLS.

THE WOOL SITUATION

Summary

Mill consumption of wool in the United States has been at record levels in recent months, and imports of apparel wool have been the largest in at least 20 years. Present indications are that mill consumption will continue large during the remainder of 1941, but no material change in domestic prices is expected during the next few months. Reports indicate that most mills have already purchased domestic and foreign wool for their needs for the next several months. The major part of the 1941 domestic clip has already been sold by producers.

Domestic prices of wool have not changed much during the past few months after the marked advance in the last half of 1940. The average price received by farmers for wool in mid-June was 36.5 cents per pound, compared with 28.6 cents a year earlier. Prices received by farmers for the entire country in May and June this year were the highest reported since 1928. Price quotations on domestic wool at Boston were largely unchanged during June, and the volume of sales of domestic wool on the Boston market was small during the month. Some increase in sales was reported in late June as a result of the invitations for bids by the United States Army for a large quantity of wool piece goods and 1.5 million blankets.

The weekly rate of mill consumption of apparel wool in May was 10.3 million pounds, scoured basis. This is the highest rate for any month on record, and it is more than double the weekly rate of consumption in May 1940. Mill consumption of foreign wool has increased greatly since last summer. In the early months of 1941, for the first time in many years, mill consumption of foreign wool exceeded consumption of domestic wool by a substantial margin.

Imports of apparel wool for consumption in the first 4 months of 1941 totaled 229 million pounds, compared with 78 million pounds in the corresponding months of 1940. Imports are likely to continue large during the remainder of this year. A large part of the imports in recent months has come from Argentina and Uruguay, but remaining stocks in those two countries are reported to be small. The new clip in South American countries will not be available until next November, and in the next few months a large part of the United States imports of wool will come from Australia.

-- July 10, 1941

REVIEW OF RECENT DEVELOPMENTS

Prices firm

Sales of wool on the Boston market were small and price quotations were largely unchanged during June, according to reports of the Agricultural Marketing Service. The slackness in trading was chiefly the result of large direct purchases of foreign wools by manufacturers and of the fact that deliveries of large quantities of domestic wool, purchased on contract last winter, were made during June.

Quoted prices of fine combing territory wool at Boston averaged $1.07, scoured basis, in late June, about the same as in late May and late April but a little lower than at the end of March. The average price of fine combing territory wool at Boston in late June 1940 was 91 cents per pound. Quoted prices of 3/8 blood territory wools (combing) averaged about 91 cents in late June this year. This was about the same as a month earlier but it was higher than in other months of this year. The average price of wool received by farmers in mid-June was 36.5 cents per pound, grease basis. This was fractionally higher than in mid-May, but it was about 8 cents higher than in mid-June last year.

Mills generally are reported to have on hand a large part of the wool needed for goods to be delivered during the last half of this year. Unfilled orders are large and it is reported that storage capacity of many mills for raw wool is crowded to capacity.

New Government orders

In June the United States Army requested bids for about 19 million yards of wool goods and 1.5 million blankets. Contracts were awarded on the blankets in early July. The Army's requests for bids for goods and blankets in June are equivalent to about 75 million pounds of grease wool.

Request for these bids stimulated some interest in the domestic market for fine and 3/8 blood territory wools in late June. But apparently the needs for wool by most mills for the next few months have been covered by purchase of imported wools and by deliveries of domestic wool purchased on contract before the shearing season.

Mill consumption at record rate in May

The weekly average mill consumption of apparel wool in May was 10.3 million pounds, scoured basis. This is the highest rate for any month in the period beginning with 1918 for which records are available. In May 1940 the weekly rate of mill consumption was 4.3 million pounds. Mill consumption of apparel wool, greasy shorn and greasy pulled, totaled 384 million pounds in the first 5 months of 1941, compared with 197 million pounds in the first 5 months of 1940. On a scoured basis, mill consumption of apparel wool totaled 204 million pounds from January through May 1941, compared with 102 million pounds in the corresponding months of 1940.

Mill consumption of carpet wool also has been larger thus far in 1941 than in corresponding months of 1940, but the increase has been much less pronounced than in the case of apparel wool.

Imports increase in April

Statistics on imports of wool in May are not yet available, but imports in April were largest for any month in 20 years at least. Imports for consumption of apparel wool in April totaled 72.3 million pounds, compared with 12 million pounds in April last year. In the first 4 months of 1941 imports for consumption amounted to 229 million pounds, compared with 78 million pounds in the corresponding period of 1940.

General imports of apparel wool (entries for immediate consumption and into bonded warehouses) totaled 96.7 million pounds in April. This compares with 86.4 million pounds in March and 9.8 million pounds in April last year. The figures for general imports of wool include Australian wool imported for British account and held for reserves, but figures on imports for consumption, of course, do not include wool imported for British account. From January through May 1941 receipts of British-owned Australian wool for reserve stocks totaled about 64 million pounds.

It should be noted that, for any period, the reported receipts of British-owned wool for reserve stocks pile may not all be included in the general imports for that period, since the receipts of British-owned wool may be reported before formal entry into warehouses.

Receipts of foreign wool at three ports, Boston, New York, and Philadelphia, continued large in June. The average weekly rate of receipts at these three ports in June was about the same as the weekly rate in May. The average weekly rate of receipts of foreign wool at the three ports in both May and June was less than the average weekly rate in April.

Imports of carpet wool for consumption totaled 18.9 million pounds in April, nearly twice as large as in April 1940. For the first 4 months

of 1941 imports of carpet wool for consumption were about 79 million pounds, compared with 64 million pounds in the first 4 months of 1940.

Imports for consumption of apparel wool into the United States, by months, 1934-41 1/

Month	1934	1935	1936	1937	1938	1939	1940	1941
	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds
Jan.	3,279	3,080	11,000	25,120	2,068	6,099	24,266	51,809
Feb.	4,532	2,640	10,933	25,682	1,462	5,236	20,791	54,698
Mar.	5,404	2,077	13,675	24,832	829	9,316	20,733	50,057
Apr.	2,934	1,516	10,069	19,443	1,000	6,304	12,038	72,306
May	1,405	2,317	7,048	16,019	1,169	6,536	9,658	
June	1,735	2,317	9,062	9,479	2,043	5,311	10,555	
July	1,351	3,035	6,895	5,448	2,911	5,596	9,818	
Aug.	941	2,244	6,063	8,016	3,202	4,610	9,864	
Sept.	1,335	3,636	6,523	5,078	2,338	12,041	15,194	
Oct.	1,958	5,926	6,406	4,461	4,777	9,380	25,598	
Nov.	2,549	6,246	10,376	3,802	4,140	11,874	23,293	
Dec.	1,835	6,950	12,662	2,780	4,371	15,891	41,175	
Total	29,258	41,984	110,712	150,160	30,811	98,194	222,983	

Compiled from Monthly Summary of Foreign Commerce of the United States.
1/ Formerly combing and clothing; weight as reported is for greasy, scoured and skin wool added together.

Exports - Argentina and Uruguay

Total exports of wool from Argentina and Uruguay from October through May 1940-41 were about 439 million pounds, the largest from these countries in many years. In marked contrast to earlier years, about 85 percent of the 1940-41 exports from Argentina and Uruguay have been consigned to the United States. Exports to the United States from the two countries totaled 377 million pounds in 1940-41, compared with 130 million pounds in 1939-40 and the 5-year, 1934-38, average of 50 million pounds. The virtual closing of continental Europe to exports of wool by the war and the strong demand for wool in the United States have been the chief factors in increased South American wool shipments to this country.

For several months South American countries have been the most important sources of United States imports of apparel wool. But imports from Australia for commercial account also have been large in recent months. It is reported that stocks of wool in Argentina and Uruguay are relatively small and that a large part of the available supply has been exported. United States imports from these countries, therefore, are likely to decrease sharply until new clip wool becomes available late this fall. Supplies of wool in Australia probably are sufficient to maintain a substantial volume of shipments to this country, and the proportion of United States imports from Australia probably will increase during the next several months.

Exports of wool from Argentina and Uruguay in the first 8 months (October-May) of the export season, 1934-40 1/

Period beginning October 1	Argentina		Uruguay		Two countries	
	United States 2/	Total	United States	Total	United States	Total
	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds
1934	23.3	231.6	1.3	81.9	24.6	313.5
1935	41.2	235.0	21.3	95.9	62.5	330.9
1936	68.7	252.8	26.4	109.1	95.1	361.9
1937	9.1	192.2	0.6	65.7	9.7	257.9
1938	52.4	278.7	7.2	82.0	59.6	360.7
5-year average	38.9	238.1	11.4	86.9	50.3	325.0
1939	102.8	230.3	27.3	90.0	130.1	320.3
1940	272.5	320.3	104.8	118.9	377.3	439.2

Compiled from commercial reports supplied by the Buenos Aires Office of Foreign Agricultural Relations.
1/ Weight of greasy, scoured, and skin wool as reported.
2/ Includes small shipments to Canada in some years.

OUTLOOK

BACKGROUND. Domestic wool prices advanced sharply during the last half of 1941 but have not changed much in the first half of the present year. Prices received by farmers for wool shorn this year were the highest in at least 12 years. The strong demand for wool in the United States resulting from large Army orders and increases in consumer incomes have been important factors responsible for the higher prices this spring and summer than a year earlier.

Chiefly because of large Government orders for wool goods, the rate of mill consumption of wool in the United States has more than doubled in the past year. The marked increase in consumption resulted in rapid depletion of stocks of domestic wools, and imports of wool have increased to record levels in recent months.

Mill consumption

In the first 5 months of 1941 the average monthly mill consumption of wool has been nearly 75 million pounds, greasy shorn and greasy pulled. In view of the large volume of unfilled orders now held by mills, it seems probable that consumption will be maintained at this rate or a higher one during the remainder of 1941. This indicates a total mill consumption for 1941 of 900 million pounds or more, which would be much the largest annual consumption on record.

Total domestic production of wool in 1941 probably will be about 450 million pounds, or about one-half of the indicated consumption for this year. Hence, if commercial stocks at the end of this year were to be maintained at about the level of the beginning of the year, approximately 450 million pounds of wool would be imported, excluding imports for reserve supplies. General imports of apparel wool in the first 4 months of 1941 were about 312 million pounds. In fact, the monthly rate of general imports, including imports for reserve supplies, in the first 4 months of the year was about equal to the average monthly rate of mill consumption during the period. Some decrease in imports from the high level of April apparently has already occurred, but in view of the requirements for building up reserve supplies of wool in the United States, general imports of apparel wool for the whole year 1941 probably will exceed 500 million pounds, provided that shipping space is available.

No marked change in wool prices expected

Wool prices already have risen to the highest level in more than a decade. And even though mill consumption probably will continue large, many mills apparently have already purchased foreign and domestic wool to cover their needs for several months. With imports expected to continue in good volume, supplies of wool probably will be fairly adequate for prospective needs. Thus, from the standpoint of mill demand, a marked advance in prices does not seem likely during the next few months.

On the other hand, the bulk of the 1941 domestic clip has been sold by producers, and no large volume of wool from this year's clip is yet to become available. Supplies of wool in Argentina and Uruguay have been largely sold, and the large exports this season indicate that current stocks in those two countries are small. New clip wool from South American countries will not be available before November and December. Imported supplies in the next few months are expected to be largely Australian wool. Australian wool has been released for export by the British Wool Control at a schedule of fixed prices which has not been changed recently.

Weekly average mill consumption of domestic and foreign apparel wool, scoured basis, United States, 1935-41

Year and item	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Year
	1,000 lb.	1,000 lb.	1,000 lb.	1,000 lb.	1,000 lb.	1,000 lb.	1,000 lb.	1,000 lb.	1,000 lb.	1,000 lb.	1,000 lb.	1,000 lb.	1,000 lb.
1935													
Domestic	5,071	4,387	4,268	5,100	5,982	5,358	5,509	6,286	5,385	6,742	6,111	4,770	5,378
Foreign	414	443	365	349	335	325	381	353	417	653	796	778	468
Total	5,485	4,830	4,633	5,449	6,317	5,683	5,890	6,639	5,802	7,395	6,907	5,548	5,846
Percent domestic	92.5	90.8	92.1	93.6	94.7	94.3	93.5	94.7	92.8	91.2	88.5	86.0	92.0
1936													
Domestic	4,704	4,761	3,423	2,676	3,023	3,845	3,993	4,570	4,217	4,126	4,711	5,241	4,090
Foreign	1,001	1,406	1,629	1,435	1,301	1,174	964	1,187	1,152	1,046	1,271	1,721	1,261
Total	5,705	6,167	5,052	4,111	4,324	5,019	4,957	5,757	5,369	5,172	5,982	6,962	5,351
Percent domestic	82.5	77.2	67.8	65.1	69.9	76.6	80.6	79.4	78.5	79.8	78.8	75.3	76.4
1937													
Domestic	3,848	3,546	3,480	3,175	3,140	3,143	2,801	3,762	3,205	2,351	2,000	2,037	3,041
Foreign	1,926	2,909	3,135	2,653	2,578	1,877	1,301	1,247	1,098	868	651	569	1,731
Total	5,774	6,455	6,615	5,828	5,718	5,020	4,102	5,009	4,303	3,219	2,651	2,606	4,772
Percent domestic	66.6	54.9	52.6	54.5	54.9	62.6	68.3	75.1	74.5	73.0	75.4	78.2	63.7
1938													
Domestic	2,100	2,543	2,267	2,242	2,923	3,481	4,134	5,203	4,339	4,302	5,168	5,317	3,664
Foreign	442	480	336	283	313	386	415	581	566	622	710	621	479
Total	2,542	3,023	2,603	2,525	3,236	3,867	4,549	5,784	4,905	4,924	5,878	5,938	4,143
Percent domestic	82.6	84.1	87.1	88.8	90.3	90.0	90.9	90.0	88.5	87.4	87.9	89.5	88.4
1939													
Domestic	4,494	4,772	4,248	2,989	4,106	5,130	4,790	5,331	5,358	5,523	5,225	4,085	4,654
Foreign	694	840	1,030	925	955	813	708	846	894	1,274	1,384	1,510	982
Total	5,188	5,612	5,278	3,914	5,061	5,943	5,498	6,177	6,252	6,797	6,609	5,595	5,636
Percent domestic	86.6	85.0	80.5	76.4	81.1	86.3	87.1	86.3	85.7	81.3	79.1	73.0	82.6
1940													
Domestic	3,451	2,853	2,194	2,053	2,471	3,565	4,545	4,906	5,738	6,062	6,159	5,710	4,129
Foreign	2,187	2,473	2,233	1,441	1,795	1,278	1,141	1,294	1,414	1,786	2,296	2,793	1,822
Total	5,638	5,326	4,427	3,494	4,266	4,843	5,686	6,200	7,152	7,848	8,455	8,503	5,951
Percent domestic	61.2	53.6	49.6	58.8	57.9	73.6	79.9	79.1	80.2	77.2	72.8	67.2	69.4
1941													
Domestic	4,303	4,188	4,080	3,309	3,524								
Foreign	3,720	4,870	5,774	6,085	6,734								
Total	8,023	9,058	9,854	9,394	10,258								
Percent domestic	53.6	46.2	41.4	35.2	34.4								

Compiled from reports of the Bureau of the Census.

Prices of wool per pound in specified markets, and prices of textile raw materials in the United States, selected periods, 1939-41

Market and description	Average 1939	Average 1940	High 1939 1/	June 1940	1941 Apr.	1941 May	1941 June
	Cents	Cents	Cents	Cents	Cents	Cents	Cents
United States:							
Boston market-							
Territory, scoured basis-							
64s, 70s, 80s (fine) staple	82.7	96.3	109.5	90.4	107.6	107.0	107.0
56s (3/8 blood) combing	69.3	79.7	94.1	77.1	89.4	90.8	91.5
46s (low 1/4 blood)	62.6	76.1	87.5	75.1	79.5	80.0	81.0
Bright fleece, greasy-							
64s, 70s, 80s (fine) delaine	32.9	38.0	43.0	34.5	42.8	42.8	43.0
56s (3/8 blood) combing	36.2	41.2	48.8	39.5	44.8	46.1	46.8
46s (low 1/4 blood)	35.5	41.0	49.0	39.5	43.5	44.2	44.5
Foreign wool - in bond at Boston 2/							
Sydney - scoured basis							
64s, 70s, combing	58.6	67.9	79.2	67.5	74.0	74.0	74.0
Cape - scoured basis							
12 months, combing	53.7	62.9	73.8	61.0	72.5	72.5	72.5
Montevideo - grease basis:							
Merinos (60-64s)	26.1	31.2	36.5	33.0	41.0	41.0	41.0
1s (56s)	28.3	32.4	38.5	33.0	37.4	37.8	39.5
Prices received by farmers, grease basis, 15th of month	22.3	3/28.4	28.7	28.6	34.7	36.1	36.5
Textile fibers:							
Wool, territory fine staple 4/	82.7	96.3	109.5	90.4	107.6	107.0	107.0
Cotton, 15/16" Middling 5/	9.30	10.17	10.84	10.48	11.09	12.44	13.79
Silk, Japanese 6/	271.8	278.1	392.1	272.4	283.4	288.6	301.9
Rayon yarn, 150 denier 7/	51.5	53.0	53.0	53.0	53.0	53.0	53.0
Rayon staple fiber 8/							
Viscose 1-1/2 denier	25.0	25.0	25.0	25.0	25.0	25.0	25.0
Acetate 5 denier	46.0	43.0	46.0	43.0	43.0	43.0	43.0

Compiled from reports of the Agricultural Marketing Service except as otherwise noted.

1/ Highest monthly average price.
2/ Before payment of duty. Compiled from the Boston Commercial Bulletin.
3/ Preliminary.
4/ Scoured basis, Boston market.
5/ Average at 10 markets.
6/ White, 13-15 denier, at New York, Bureau of Labor Statistics.
7/ Domestic yarn, first quality, Bureau of Labor Statistics.
8/ F.o.b. producing plants, Bureau of Labor Statistics.

United States: Wool imports, consumption, and machinery activity selected periods 1939-41

Item	Year 1939	Year 1940	Jan.-Apr. 1/ 1940	Jan.-Apr. 1/ 1941	Apr. 1940	Mar. 1941	Apr. 1941 1/
	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds
Imports for consumption, actual weight 2/:							
Apparel	98,194	222,983	77,828	228,869	12,038	50,057	72,306
Finer than 40s	74,612	199,149	69,941	213,871	10,259	46,776	68,170
Not finer than 40s	23,582	23,834	7,887	14,998	1,779	3,281	4,136
Carpet, including camels hair	144,875	134,691	64,361	79,179	9,837	21,950	18,894
	Year 1939	Year 1940	Jan.-May 1940	Jan.-May 1941	May 1940	Apr. 1940	May 1940
Mill consumption 3/:							
Grease basis 4/ -							
Apparel	630,150	640,871	197,451	384,381	32,715	85,505	74,784
Carpet	148,513	137,494	57,318	81,374	8,804	19,019	15,352
Scoured basis -							
Aggregate -							
Apparel	293,083	310,021	101,736	203,763	17,065	46,970	41,032
Carpet	103,421	97,852	40,769	56,368	6,524	13,097	10,588
Weekly average -							
Apparel	5,636	5,962	4,624	9,262	4,266	9,394	10,258
Carpet	1,989	1,882	1,853	2,562	1,631	2,619	2,647
	Weekly average in hours						
Machinery activity 3/:							
Hours operated per machine in place -							
Worsted combs	51.8	55.1	42.1	84.1	36.4	85.9	87.1
Worsted spindles	39.6	37.8	29.4	56.8	5/29.9	59.3	60.5
Woolen spindles	39.8	43.1	35.8	59.0	5/35.1	61.2	63.7
Woolen and worsted looms -							
Broad	40.7	38.8	32.5	58.0	5/29.2	60.0	60.9
Narrow	13.2	13.5	12.4	22.3	11.6	29.7	29.9
Carpet and rug looms -							
Broad	37.4	37.8	39.1	49.4	31.8	51.4	51.3
Narrow	22.7	22.0	21.6	30.6	18.6	32.8	31.8

Import figures from the Bureau of Foreign and Domestic Commerce. Consumption and machinery activity from the Bureau of the Census.

1/ May imports not yet available.
2/ Weight of greasy, scoured, and skin wool added together.
3/ Figures for April based on 5 weeks, May on 4 weeks, January-May on 22 weeks. No adjustments made for holidays.
4/ Total of shorn and pulled wool. Pulled wool, grease basis, is in condition received from pulleries and is mostly washed.
5/ Revised.

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